UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1996

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ____________ to ___________________

For Quarter Ended June 30, 1996   Commission File Number 0-23702

STEVEN MADDEN, LTD.
(Exact name of Registrant as specified in its charter)

New York	13-3588231
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

52-16 Barnett Avenue, Long Island City, New York 11104
(Address of principal executive offices)   (Zip Code)

Registrant's telephone number, including area code (718) 446-1800

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 of 15 (d) of the Securities and Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days.

Yes X   No ____

Class	Outstanding at August 13, 1996
Common Stock	7,833,594

STEVEN MADDEN, LTD.
FORM 10-QSB
QUARTERLY REPORT
PERIOD APRIL 1, 1996 TO JUNE 30, 1996

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STEVEN MADDEN, LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

AS AT JUNE 30, 1996

A S S E T S

Current assets:	
Cash and cash equivalents	$ 6,902,676
Accounts receivable (net of allowance for doubtful accounts of $157,302)	2,432,053
Due from factor (net of allowance for doubtful accounts of $189,000)	3,726,092
Note receivable	116,667
Inventories	1,154,670
Prepaid advertising	719,626
Prepaid expenses and other current assets	361,694
Prepaid taxes	822,771
Total current assets	16,236,249
Note receivable, less current maturities	633,333
Property and equipment	861,944
Other assets:	
Prepaid advertising	1,400,000
Deferred taxes	218,400
Deposits	83,724
Cost in excess of fair market value (net of accumulated amortization of $12,109)	1,925,391
Total other assets	3,627,515
T O T A L	$21,359,041

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:	
Note payable	$ 644,841
Accounts payable and accrued expenses	743,391
Accrued bonuses	270,911
Other current liabilities	144,396
Total current liabilities	1,803,539
Commitments and contingencies	
Stockholders' equity:	
Common stock - $.0001 par value, 10,000,000 shares authorized, 7,833,594 issued and outstanding	783
Additional paid-in capital	17,521,378
Unearned compensation	(392,160)
Retained earnings	2,425,501
Total stockholders' equity	19,555,502
T O T A L	$21,359,041

The accompanying notes to financial statements are an integral part hereof.

STEVEN MADDEN, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
Sales	$ 8,675,685	$ 9,368,813	$ 16,484,012	$ 15,728,247
Cost of sales	6,608,678	6,031,964	10,935,984	10,354,823
Gross profit	2,067,007	3,336,849	5,548,028	5,373,424
Other revenue	264,974		458,860	
Operating expenses	(3,120,821)	(1,842,629)	(5,544,190)	(2,951,221)
Income (loss) from operations	(788,840)	1,494,220	462,698	2,422,203
Interest income (expense), net	73,551	33,741	174,210	(64,527)
Income (loss) before provision for income taxes	(715,289)	1,527,961	636,908	2,357,676
Provision (benefit) for income taxes	(284,000)	576,000	261,000	726,000
NET INCOME (LOSS)	$ (431,289)	$ 951,961	$ 375,908	$ 1,631,676
Net income (loss) per share of common stock: Primary	$ (.04)	$ .15	$ .05	$ .25
Weighted average common shares outstanding	9,906,444	6,466,507	9,900,212	6,460,524

The accompanying notes to financial statements are an integral part hereof.

STEVEN MADDEN, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings (Deficit)	Unearned Compensation	Total Stockholders' Equity
BALANCE - DECEMBER 31, 1995	6,415,776	$ 642	$11,179,214	$ 2,049,593	$ (464,036)	$12,765,413
Exercise of stock options and warrants	1,417,818	141	6,342,164			6,342,305
Net income				375,908		375,908
Amortization of unearned compensation					71,876	71,876
BALANCE - JUNE 30, 1996	7,833,594	$ 783	$17,521,378	$ 2,425,501	$ (392,160)	$19,555,502

The accompanying notes to financial statements are an integral part hereof.

STEVEN MADDEN, LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six Months Ended June 30, 1996	Six Months Ended June 30, 1995
Cash flows from operating activities:		
Net income	$ 375,908	$ 1,631,676
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	106,407	40,263
Deferred compensation	71,876	0
Provision for bad debts	185,302	60,061
Deferred rent expense	7,188	(7,188)
Changes in operating assets and liabilities:		
(Increase) in accounts receivable - nonfactored	(1,751,750)	(42,215)
Decrease (increase) in due from factor	406,118	(1,727,971)
Decrease (increase) in inventories	221,718	(782,102)
(Increase) in prepaid expenses and other assets	(817,918)	(364,843)
Increase in accounts payable and accrued expenses	134,859	123,930
(Decrease) increase in accrued bonuses	(324,960)	80,731
(Decrease) increase in other current liabilities	(20,436)	725,103
(Decrease) in accrued taxes	(531,203)	
Net cash (used in) operating activities	(1,936,891)	(262,555)
Cash flows from investing activities:		
Purchase of equipment	(105,883)	(64,990)
Loans to related party		(50,292)
Acquisition of subsidiary	(1,043,783)	
Net cash (used in) investing activities	(1,149,666)	(115,282)
Cash flows from financing activities:		
Proceeds from options and warrants exercised	6,342,305	98,050
Proceeds from loans, net		5,490
Repayment of notes payable assumed in acquisition	(476,286)	
Net cash provided by financing activities	5,866,019	103,540
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,779,462	(274,297)
Cash and cash equivalents - beginning of year	4,123,214	2,537,217
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 6,902,676	$ 2,262,920

The accompanying notes to financial statements are an integral part hereof.

NOTES TO FINANCIAL STATEMENTS

[1] Basis of Reporting:

The accompanying unaudited financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Item 310(b) of Regulation S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the financial position of the Company at March 31, 1996, and the results of its operations, changes in stockholders' equity and cash flows for the three months then ended. The results of operations for the three months ended March 31, 1996 are not necessarily indicative of the operating results for the full year. It is suggested that these financial statements be read in conjunction with the financial statements and related disclosures for the year ended December 31, 1995 included in the Steve Madden, Ltd. Form 10-KSB.

[2] Inventories:

Inventories, which consist of finished goods, are stated at the lower of cost (first-in, first-out method) or market.

[3] Net Income Per Share of Common Stock:

Net income per share of common stock is computed based on the weighted average number of shares outstanding during the period, utilizing the modified treasury stock method. Common stock equivalents are included if their effect is dilutive.

[4] Merger:

On April 1, 1996, the Company entered into an Agreement and Plan of Merger (the "merger") with Diva International, Inc. ("Diva"). The merger provides for the purchase of all Diva shares for an initial payment of $1,000,000 and a subsequent payment of approximately $645,000 to be paid one year from the closing date of the merger. The subsequent payment may be made in cash or shares of the Company's common stock. The purchase price may be adjusted based on the audited net assets as at March 31, 1996 and the subsequent cash collections on Diva's accounts receivable.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

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The following discussion of the Company's financial condition and results of operations should be read in conjunction with the Financial Statements and Notes thereto appearing elsewhere in this document.

The following table sets forth information on operations for the periods indicated:

	Percentage of Net Revenues			
	Six Months Ended June 30			
	1996		1995	
Consolidated:				
Revenues	$16,484,012	100	$15,728,247	100
Cost of Revenues	10,935,984	66.3	10,354,823	65.8
Other Operating Income	458,860	2.8	--	--
Operating Expenses	5,544,190	33.6	2,951,221	18.8
Income from Operations	462,698	2.8	2,422,203	15.4
Interest Expense	--	--	-134,347	0.9
Interest Income	174,210	1.1	69,820	0.4
Income Before Income Taxes	636,908	3.9	2,357,676	15.1
Net Income	375,908	2.3	1,631,676	10.4
By Segment:				
WHOLESALE				
Revenues	$14,386,084	100	$14,299,973	100
Cost Of Revenues	9,654,851	67.1	9,382,324	65.6
Operating Expenses	4,285,279	29.8	2,613,960	18.3
Income from Operations	445,954	3.1	2,303,689	16.1
OTHERS				
Revenues	$ 2,097,928	100	$ 1,428,274	100
Cost of Revenues	1,281,133	61.1	972,499	68.1
Other Operating Income	458,860	21.9	--	--
Operating Expenses	1,258,911	60	337,261	23.6
Income from Operations	16,744	0.8	118,514	8.3

	Percentage of Net Revenues			
	Three Months Ended June 30			
	1996		1995	
Consolidated:				
Revenues	$ 8,675,685	100	$ 9,368,813	100
Cost of Revenues	6,608,678	76.2	6,031,964	64.4
Other Operating Income	264,974	3.1	--	--
Operating Expenses	3,120,821	36	1,842,629	19.7
Income [Loss] from Operations	-788,840	-9.1	1,494,220	15.9
Interest Expense	--	--	-2,105	0.0
Interest Income	73,551	0.8	35,846	0.4
Income Before Income Taxes	-715,289	-8.2	1,527,961	16.3
Net Income [Loss]	-431,289	-5	951,961	10.2
By Segment:				
WHOLESALE				
Revenues	$ 7,230,766	100	$ 8,746,976	100
Cost Of Revenues	5,631,183	77.9	5,622,278	64.3
Operating Expenses	2,308,996	31.9	1,661,698	19
Income [Loss] from Operations	-709,413	-9.8	1,463,000	16.7
OTHERS				
Revenues	$ 1,444,919	100	$ 621,837	100
Cost of Revenues	977,495	67.7	409,686	65.9
Other Operating Income	264,974	18.3	--	--
Operating Expenses	811,825	56.2	180,931	29.1
Income [Loss] from Operations	-79,427	-5.5	31,220	5

RESULTS OF OPERATIONS

Six Months Ended June 30, 1996 Vs. Six Months Ended June 30, 1995

Revenues for the six months ended June 30, 1996 were $16,484,000, or 5% higher than the $15,728,000 recorded in the comparable period of 1995. This Increase in revenues, which are derived from product sales, is due to several factors. Management feels that "Steve Madden" as a brand name is increasing in popularity-thus reorders and retail sales have increased, and new accounts continue to be added. Cost of revenues approximately remains the same as percentage of revenues. Adesso-Madden, a wholly owned subsidiary of the Company, generated a commission of $459,000 in the first six months of 1996.

Selling, general and administrative expenses increased by 88% to $5,544,000 in 1996 from $2,951,000 in 1995. The increase is due primarily to a 79% increase in payroll, bonuses and related expenses from $1,083,000 in 1995 to $1,935,0000 in 1996, and a 95% increase in selling, advertising, marketing, and designing expenses from $707,000 in 1995 to $1,381,000 in 1996. In addition, occupancy, telephone, and utilities expenses increased 155% from $175,000 in 1995 to $447,000 in 1996. Income from operations for 1996 was $463,000 which represents a decrease of $1,959,000 from the income from operations of $2,422,000 in 1995. This decrease resulted from the substantial increase in selling, general and administrative expenses. The net income for 1996 was $376,000 as compared to net income of $1,632,000 for the corresponding period of 1995.

Wholesale Division revenues, accounted for 87% or $14,386,000 and 91% or $14,300,00 of total revenues in 1996 and 1995 respectively. Cost of revenues increased from 66% in 1995 to 67% in 1996. Operating expenses increased by 64%, from $2,614,000 in 1995 to $4,285,000 in 1996. This increase is due to an increase in payroll and payroll related expenses due to the hiring of additional personnel and an increase in occupancy expenses due to additional warehouse space needed for expanding inventory and showroom space as part of an aggressive sales approach. Wholesale income from operations was $446,000 in 1996 compared to a wholesale income from operation of $2,304,000 in 1995. This decrease is a result from the substantial increase in operating expenses.

Revenues from the Retail Division, which accounted for 9% and 5% of total revenues in 1996 and 1995 respectively, increased from $737,000 in 1995 to $1,443,000 in 1996. This increase in revenues is due to the Company opening a second retail store in New York City, in October 1995 which earned revenues of $673,000 in first six months of 1996. The gross margin from the retail stores was $678,000 or 47% and $325,000 or 44% in 1996 and 1995 respectively. The increase in gross margin and gross margin percentage is due to a lower per pair cost passed through from the wholesale division. Selling, general and administrative expenses increased to $553,000 or 38% of sales in 1996 from $218,000 or 30% of sales in 1995. This increase is due to increases in payroll, payroll related expenses, occupancy, printing and depreciation expenses as a result of opening a second store. Income from operations from the Retail Division was $125,000 in 1996 compared to income from operations of $107,000 in 1995. In December 1995 the Company sold Marlboro Leather division which generated $691,000 of revenues in the first two Quarters of 1995. Revenues from Diva Acquisition Corp., a wholly owned subsidiary of the Company were $655,000

for the second Quarter of 1996, gross profit was $138,000 and loss from operations was $195,000.

Three Months Ended June 30, 1996 vs. Three Months Ended June 30, 1995

Revenues for the three months ended June 30, 1996 were $8,676,000 or 7% lower than the $9,369,000 recorded in the comparable period of 1995. Although demand for the Company's most popular styles was strong, the

Company was unable to bring in sufficient inventory to meet such demand. Cost of revenues as percentage of revenues increased to 76% in 1996 as compared to 64% in 1995. This decrease in revenues and increase in cost of revenues is due to mark-down prices for allowances to customers. Adesso-Madden, a wholly owned subsidiary of the Company, generated a commission of $265,000 in the second Quarter of 1996.

Selling, general and administrative expenses increased by 69% to $3,121,000 in 1996 from $1,843,.000 in 1995. This increase is primarily due to an increase of 64% in payroll, bonuses and payroll related expenses to $992,000 in 1996 from $606,000 in 1995, an increase of 157% in selling, advertising, marketing and designing expenses to $1,128,000 in 1996 from $439,000 in 1995, an increase of 251% in occupancy, telephone and utility costs to $242,000 in 1996 from $69,000 in 1995 and an increase of 157% in consulting fees to $162,000 in 1996 from $63,000 in 1995.

Loss from operations was $789,000 in 1996 as compared to income from operations of $1,494,000 for the corresponding period of 1995. Net loss for the 1996 period was $431,000 as compared to net income from operations of $952,000 for the same period of 1995. The loss for 1996 resulted primarily from increases in selling, administrative expenses as noted above and a decrease in revenues and gross profit.

Revenues from the wholesale division decreased $1,516,000 to $7,231,000 in 1996 from $8,747,000 in 1995 and accounted for 83% and 93% of total revenues in 1996 and 1995, respectively. Cost of revenues as a percentage of revenues increased to 78% in 1996 from 64% in 1995. Selling, general and administrative expenses increased by 39% to $2,309,000 in 1996 from $1,662,000 in 1995. Loss from operations was $709,000 in 1996 as compared to an income of $1,463,000 in 1995. The loss for 1996 resulted from the decrease in revenues, increase in cost of revenues as a percentage of revenues and increase in selling, general and administrative expenses due to the same factors discussed above.

Revenues from the Company's retail stores increased to $790,000 in 1996 from $402,000 in 1995 and accounted for 9% and 4% of total revenues in 1996 and 1995, respectively. The Company opened a second retail store in New York City, in October 1995 which earned revenues of $345,000 for the three months ended June 30, 1996. The gross margin from the retail stores was $329,000, or 42%, and $176,000, or 44%, in 1996 and 1995, respectively. The increase in gross margin is due to a second retail store opened in October 1995 and a lower per pair cost passed through from the wholesale division. In addition, in 1996 the retail stores sold Steve Madden merchandise, which proved to be very popular, as well as other brands. Approximately 5% of the revenues earned by the retail stores are from sales of other brands. Selling, general and administrative expenses increased to $260,000, or 33% of sales in 1996 from $116,000, or 29% of sales in 1995. This increase is due to increase in payroll, payroll related expenses, occupancy, utilities, printing expenses and depreciation expenses from opening a second store.

In December 1995 the Company sold Marlboro Leather division whose second Quarter 1995 revenues were

$332,000. Revenues from Diva Acquisition Corp. were $ 655,000 for the second Quarter of 1996. Gross profit from Diva was $138,000 and loss from operations was $195,000.

LIQUIDITY AND CAPITAL RESOURCES

The Company has working capital of $14,433,000 at June 30, 1996 which represents an increase of $7,991,000 in working capital from June 30,1995 due to the increased profit in 1995 and first Quarter of 1996. Management believes it can manage the Company's cash flow requirements through its current working capital. In addition, the exercise of Class "A" Warrants exercised proceeds of $6,342,000 in the six months ended June 30, 1996, has allowed the Company to eliminate the immediate need for outside financing and reduced the Company's interest costs.

On April 1, 1996, the Company completed the previously announced acquisition of Diva International, Inc., a privately held, New York-based footwear company that designs and markets women's fashion footwear under the brand-name "David Aaron." The purchase price was $1,000,000 in cash and a subsequent payment of $697,000 to be paid one year from the closing date of the merger. The subsequent payment may be made in shares of the Company's common stock. "David Aaron" brand is sold through major retail department stores such as Bloomingdales, Nordstorm and Macy's.

The Company's customers consist principally of department stores and specialty stores, including shoe boutiques. Presently, the Company sells approximately sixty percent (60%) of its products to department stores, including Federated Stores (Bloomingdales, Burdines, Macy's East and Macy's West) and approximately forty percent (40%) to specialty stores, including shoe boutiques. As a result of the merger between Federated Stores and R.H. Macy and Company, Federated Stores presently accounts for approximately 35% of the Company's sales. As a result, the loss of Federated Stores as a customer could have a material adverse effect on the Company's business.

OPERATING ACTIVITIES

During the three month period ended June 30, 1996, operating activities used $1,937000 of cash. The use of cash arose principally from an increase in accounts receivable-non factored of $1,752,000, an increase of prepaid expenses and other assets $818,,000, and decrease in taxes on income of $531,000 which were offset by an increase in accounts payable and accrued expenses of $135,000, a decrease in accounts receivable factored of $406,000 and an decrease in inventory of $222,000. Inventory Purchases have decreased considerably due to decreased sales volume.

In the third & fourth Quarters of 1996, the Company anticipates utilizing approximately $242,000 of prepaid advertising expenses.

The Company has lease agreements for office, warehouse, and retail space, expiring at various times through 2007. Future obligations under these lease agreements total $4,500,000 with an annual lease commitment of $635,000.

The company has employment agreements with various officers currently providing for aggregate annual salaries of approximately $1,051,000, subject to annual bonuses and annual increases as may be determined by the Company's Board of Directors. In addition, as part of the employment agreements, the Company is committed to pay incentive bonuses based on sales, net income, or net income before interest and taxes to three officers.

The Company continues to increase its supply of products from foreign manufacturers, the majority of which are located in Brazil and Mexico. Although the Company has not entered into long-term manufacturing contracts with any of these foreign companies, the Company believes that a sufficient number of alternative sources exist outside of the United States for the manufacture of its product, if current suppliers need to be replaced. In addition, because the Company deals in U.S. currency for all transactions and intends to continue to do so, the Company believes there will be no foreign exchange considerations.

INVESTING ACTIVITIES

During the three month period ended June 30, 1996, the Company used cash of $106,000 to acquire equipment and make leasehold improvements on new office, retail and warehouse space. Additionally, the Company made an initial payment of $1,000,000 to the owners of Diva International, inc. to acquire all the outstanding common stock of Diva. A note has been issued for $697,000 for the subsequent payment which can be paid in cash or the Company's common stock.

FINANCING ACTIVITIES

During the six month period ending June 30, 1996, the Company received $6,342,000 from Class "A" warrants and options exercised. In connection with the acquisition of Diva International, Inc., the Company has a note payable to the former owners in the amount of $645,000. Additionally, the Company repaid $476,000 on a note assumed in the acquisition.

INFLATION

The Company does not believe that inflation has had a material adverse effect on sales or income during the past several years. Increases in supplies or other operating costs could adversely affect the Company's operations; however, the Company believes it could increase prices to offset increases in costs of goods sold or other operating costs.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 10-QSB to be signed on its behalf by the undersigned thereunto duly authorized.

STEVE MADDEN, LTD

/s/ Arvind Dharia

Arvind Dharia
Chief Financial Officer

DATE: August 14, 1996

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